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TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS:BEXP, USIRJC, IR

SUBJECT: INCREASED PRIVATE SECTOR INVOLVEMENT IN THE U.S.-
IRAN JOINT COMMISSION THROUGH FACT-FINDING MISSIONS

REF: (A) 11/19/75 LETTER FROM UNDER SECRETARY OF COMMERCE
BAKER TO AMBASSADOR HELMS; (B) MEMCONS, OCT. 1, 1975 AND
DEC. 9, 1975 ON U.S. IRAN JOINT COMMISSION: POSSIBLE COL-
LABORATION IN IRANIAN IRON AND STEEL INDUSTRY; (C) LAWSON
TO BREWIN LETTERS, 12/10/75 AND 1/7/76

1. INITIAL SURVEY HAS BEEN MADE BY COMMERCE AND STATE OF
U.S. TRADE ASSOCIATIONS INTERESTED IN PARTICIPATING IN THE
U.S.-IRAN JOINT COMMISSION SPONSORED PROGRAM OF FACT-FIND-
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ING MISSIONS. THE ASSOCIATIONS CONTACTED EXPRESSED CON-
SIDERABLE ENTHUSIASM FOR THESE MISSIONS AND A WILLINGNESS

TO FUND TRAVEL AND PER DIEM FOR THEIR EXPERTS. THE USE OF MIXED GOVERNMENTAL-PRIVATE SECTOR FUNCTIONAL GROUPS NOW APPEARS TO POSSIBLY OFFER EFFECTIVE MECHANISM FOR BRINGING THE U.S. PRIVATE SECTOR DIRECTLY INTO PROJECT PLANNING AND IMPLEMENTATION IN IRAN. WE WOULD LIKE TO MOVE AHEAD AS RAPIDLY AS POSSIBLE WITH FACT-FINDING MISSIONS TO UTILIZE INDUSTRY AND PROFESSIONAL ASSOCIATIONS AS A MEANS OF COMMUNICATING WITH AND MOBILIZING U.S. PRIVATE FIRMS. THE EMBASSY IS REQUESTED TO APPROACH APPROPRIATE GOI OFFICIAL

TO OBTAIN APPROVAL FOR THE FIRST MISSION OF IRON AND STEEL TECHNICAL EXPERTS TO IRAN IN MAY.

2. THE FOLLOWING INFORMATION ON THE AMERICAN IRON AND STEEL INSTITUTE, WHICH WILL ORGANIZE THE FIRST MISSION, IS BEING TRANSMITTED FOR EMBASSY USE IN DESCRIBING THE TRADE ASSOCIATION'S CAPABILITIES TO IRANIAN OFFICIALS.

3. THE AMERICAN IRON AND STEEL INSTITUTE, WASHINGTON, D.C., IS THE PRIME U.S. TRADE ASSOCIATION FOR THE IRON AND STEEL INDUSTRY. INCORPORATED IN 1908, IT NOW HAS 64 AMERICAN MEMBER COMPANIES REPRESENTING 95 PERCENT OF U.S. STEEL PRODUCTION, WITH A STAFF OF 150 AND 1 MILLION DOLS ANNUAL BUDGET. FREDERICH C. LANGENBERG IS THE PRESIDENT AND JOHN P. ROACHE, CHAIRMAN OF THE BOARD. THE INSTITUTE OPERATES THROUGH A COMMITTEE AND TASK FORCE SYSTEM WHICH

ENABLES IT TO DRAW ON EXPERTISE OF MEMBER COMPANY PERSONNEL.

4. OPERATING TECHNICAL COMMITTEES ARE ESTABLISHED TO STUDY AND REPORT ON THE LATEST TECHNOLOGY IN THE FIELDS OF COKE OVEN PRACTICE, ELECTRIC FURNACE STEELMAKING, ENVIRONMENTAL QUALITY CONTROL, NON-DESTRUCTIVE TESTING AND INSPECTION SYSTEMS, OPEN ;EARTH AND BASIC OXYGEN STEEL-MAKING, REFRACTORIES, ROLLING MILLS, AND SHIPPING METHODS. THE INSTITUTE'S PRODUCT TECHNICAL COMMITTEES, MADE UP OF METALLURGICAL PERSONNEL DRAWN FROM MEMBER COMPANIES, ARE CONCERNED WITH PROBLEMS SUCH AS FINAL PRODUCTS AS STRUC-
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TURAL SHAPES, AS WELL AS BARS, PIPES, TUBING, PLATES, SHEET, STRIP, STAINLESS STEEL, ELECTRICAL STEEL, TOOL STEEL, TIN PLATE AND RAILROAD MATERIALS.

5. THE TRAFFIC COMMITTEE IS INTERESTED IN ALL MATTERS RELATED TO THE SHIPMENT OF RAW MATERIALS AND FINISHED PRODUCTS TO AND FROM THE MILLS. DETAILED RULES FOR SAFE LOADING OF STEEL PRODUCTS HAVE BEEN DEVELOPED AND PUBLISHED. THE COMMITTEE HAS ASSISTED RAILROAD CAR BUILDERS IN THE DEVELOPMENT OF SPECIAL-PURPOSE RAILCARS FOR THE

SHIPMENT OF STEEL.

6. THE INSTITUTE ALSO SPONSORS FUNDAMENTAL RESEARCH THROUGH INSTITUTES AND UNIVERSITIES IN SUCH FIELDS AS MINERALS BENEFICIATION, PHYSICAL CHEMISTRY OF STEELMAKING, REFRACTORIES, HOT AND COLD WORKING, FABRICATION, MICRO-STRUCTURES MECHANICAL PROPERTIES AND CORROSION. MEMBER COMPANIES FINANCE RESEARCH ON LINE PIPE AND RAILROAD MATERIALS TO PROVIDE THE OIL AND GAS INDUSTRIES AND THE RAILROADS WITH NEEDED METALLURGICAL INFORMATION. THE

TECHNICAL COMMITTEE ON ENVIRONMENTAL QUALITY CONTROL SPONSORS RESEARCH IN THE AREA OF ENVIRONMENT. CURRENT AND PAST PROJECTS INCLUDE: THE TREATMENT OF OIL-BEARING WASTE WATER, THE DEVELOPMENT OF INSTRUMENTS TO EVALUATE ODOR IN WATER, THE CHEMICAL AND PHYSICAL METHODS FOR REDUCING DISCHARGE OF AMMONIA AND THE USE OF MAGNETISM IN WASTE TREATMENT; COKE OVEN EMISSION CONTROL IS ANOTHER IMPORTANT AREA OF RESEARCH.

7. THE INSTITUTE WOULD BE VERY INTERESTED IN WORKING WITH APPROPRIATE GOI IRON AND STEEL SECTOR OFFICIALS. THROUGH ITS ABOVE DESCRIBED COMMITTEE AND TASK FORCE APPARATUS, INSTITUTE EXPERTS COULD MAKE A SUBSTANTIAL CONTRIBUTION TO THE PREFEASIBILITY STUDIES REQUIRED FOR THE REZA PAHLAVI IRON AND STEEL PROJECT. THE INSTITUTE IS WILLING TO FUND A VISIT OF TECHNICAL EXPERTS TO DISCUSS IRANIAN PLANS FOR THIS PROJECT, SPECIFICALLY THE TECHNICAL SPECIFICATIONS AND TECHNOLOGY, AND TO PRESENT INFORMATION ON U.S. TECHNOLOGY AS IT COULD RELATE TO THIS PROJECT. THE STUDY WOULD BE AVAILABLE TO THE IRANIAN GOVERNMENT FOR
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ITS USE IN DRAWING UP FEASIBILITY OR OTHER PLANS. WE BELIEVE THE GOI SHOULD TAKE ADVANTAGE OF THE TECHNICAL ASSISTANCE OFFERED BY A PROFESSIONAL ORGANIZATION WITH IMPECCABLE CREDENTIALS ON THE FRONTIERS OF TECHNOLOGY IN IRON AND STEEL.

8. IN ADDITION TO DRAWING ON ABOVE DESCRIPTION OF TRADE ASSOCIATION CAPABILITIES, EMBASSY MAY FIND FOLLOWING GENERAL TALKING POINTS USEFUL:
(A) GIVEN THE STRUCTURE OF THE U.S. ECONOMY, THE HELP IRAN SEEKS FROM THE U.S. IN ITS AMBITIOUS DEVELOPMENT PROGRAM MUST ULTIMATELY COME FROM THE U.S. PRIVATE SECTOR;
(B) TO BECOME INVOLVED, U.S. INDUSTRY MUST HAVE SUFFICIENT KNOWLEDGE OF THE PLANS, PROBLEMS AND OPPORTUNITIES UPON WHICH TO BASE SOUND BUSINESS DECISIONS; (C) THE STRUCTURE THROUGH WHICH TO CHANNEL THIS INFORMATION TO SPECIFIC SECTORS OF U.S. INDUSTRY EXISTS IN OUR NETWORK OF TRADE ASSOCIATIONS AND INSTITUTES; (D) SUCH TRADE ASSOCIATIONS

AS THAT ORGANIZED IN THE IRON AND STEEL INDUSTRY HAVE HAD 40 TO 60 YEARS EXPERIENCE IN SERVING THE NEEDS OF THEIR INDUSTRIES. THEIR MEMBERSHIP INCLUDES VIRTUALLY ALL OF THE PRODUCTION CAPACITY IN THEIR SECTORS AND RANGES FROM SMALL THROUGH MEDIUM TO LARGE PRODUCERS. THEY FUNCTION THROUGH AN ESTABLISHED NETWORK OF TECHNICAL AND SPECIALIZED COMMITTEES OF MEMBER-COMPANY PERSONNEL ACCUSTOMED TO DEALING WITH ALL ASPECTS OF PRODUCTION, RESEARCH, DISTRIBUTION, MARKETING AND MANAGEMENT; (E) THE INVOLVEMENT OF TRADE ASSOCIATIONS IN IRANIAN DEVELOPMENT PLANNING WILL PROVIDE A READY-MADE, EASILY ACCESSIBLE TWO-WAY CHANNEL OF COMMUNICATIONS TO AN ENTIRE U.S. INDUSTRY. THE ASSOCIATIONS CAN PROVIDE TECHNICAL ADVICE NEEDED IN THE PREFEASIBILITY STAGES OF PROJECT FORMULATION WHILE AT THE SAME TIME DISSEMINATING CONCRETE AND EXPERT ASSESSMENTS OF OPPORTUNITIES AND REQUIREMENTS IN IRAN TO ENTIRE U.S. INDUSTRIAL SECTORS; (F) EXPERT-TO-EXPERT CONTACT IS THE KEY ELEMENT IN THE KIND OF COMMUNICATION WE ARE DISCUSSING AND THE FIRST STEP TOWARD INCREASED U.S. PRIVATE SECTOR INVOLVEMENT IN IRANIAN DEVELOPMENT. TRADE ASSOCIATION EXPERT TEAMS, DRAWN FROM ASSOCIATION MEMBER COMPANIES, SHOULD MEET DIRECTLY WITH THEIR IRANIAN EXPERT COUNTERPARTS; (G) THE AMERICAN IRON AND STEEL INSTITUTE
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OFFERS AN EXCELLENT OPPORTUNITY FOR THE APPLICATION OF THIS PROGRAM.

9. SEPARATE MESSAGES FOLLOW DESCRIBING THE SOCIETY OF THE PLASTICS INDUSTRIES AND THE INTERNATIONAL LONGSHOREMENS ASSOCIATIONS, WHICH ARE ALSO INTERESTED IN PARTICIPATING IN THE FACT-FINDING MISSION PROGRAM. ADDITIONAL INFORMATION ON ALL THREE GROUPS IS BEING POUCHED. KISSINGER

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